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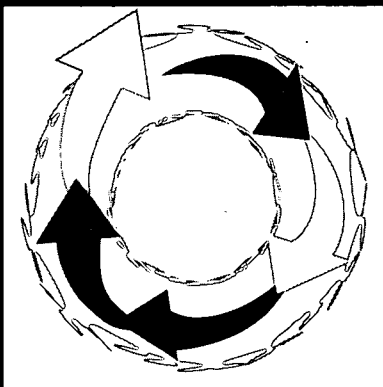
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## ABSTRACT

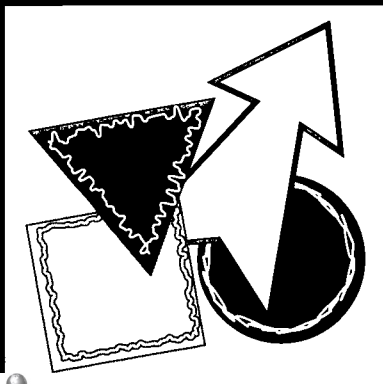
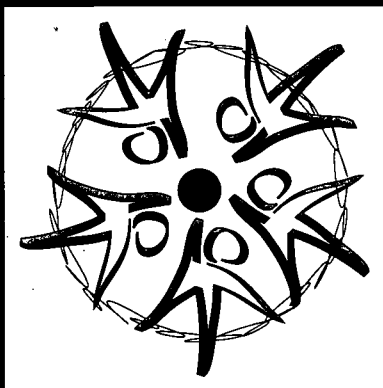
In 1987 New Zealand faced multiple economic problems and high unemployment. A flexible and responsive education system was needed to produce the skills, attitudes, and learning required for New Zealand's future. The primary objective was decentralizing authority to school level. This book emphasizes the process of successful reform, rather than the impact on learning outcomes. The emphasis for change was on kindergarten through eighth grade. The first section concentrates on the economic and political context for change, including the Prime Minister's efforts to enlist public support and provide clear guidelines for implementing the reforms. The second section considers the implementation process. Necessary preconditions, planning procedures, and the importance of public entrepreneurs are discussed. How consensus building, early communications strategies, conflict resolution, and compromise overcame even a change of government is explained. Also discussed is the way in which the reforms were rapidly put into effect before the next election cycle. The third section considers the unresolved issues of teacher labor relations, funding levels, local control issues, and learning outcomes. There is also a review of lessons learned for any reform initiated by government leaders. (Contains 43 references.) (RKJ)



# IMPLEMENTING EDUCATION REFORMS IN NEW ZEALAND: 1987-97

## A Case Study

Lyall Perris



February 1998

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# **Implementing Education Reforms in New Zealand: 1987-97**

a case study

**Lyall Perris**  
former Acting Secretary for Education, New Zealand

February 1998

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## FOREWARD

1987-97 has been a remarkable decade in New Zealand's history. New Zealand was confronted with no economic growth; high unemployment yet a lack of skilled people; huge overseas debt; and few international trading partners. Faced with this, New Zealand undertook root and branch reform within a redefined minimalist role for government, and therefore the entire public service.

Education was central to the strategy and seen as the bridge that linked the government's twin goals of economic growth and social cohesion. A flexible, responsive education system which produced the people with the skills, attitudes and learning New Zealand needed was seen as necessary (though not sufficient!) for success.

The plan was to produce a **publicly funded self-managing** education system where authority and delivery was **de-centralized** to the local level; with appropriate, well-defined **accountability** systems; with **targeting** for those with specific needs, and offering **choice** to all the people of where and how to get education throughout their lives.

This was radical, different and very ambitious.

However all the pre-requisites for a successful change were more or less in place: a real sense of crisis and a need for change; political commitment; a legislative and financial framework; a literate population; adequate funding; capacity at the local level in terms of teachers and parents; and a plan. This coming together of events had been aptly entitled "*When all the Lights Turned Green*" by the historians Graham and Susan Butterworth for their forthcoming book, the first complete account of the education reforms.

All that is still not enough. Implementation of reform requires a major effort - initially to make the change, and then over time to make the changes work. That requires good people at each phase and every level.

In 1989 I was appointed secretary for Education to the new Ministry of Education, responsible for implementing the reforms. I appointed Lyall Perris to my Strategic Management Group, a decision I was never to regret. Previously Lyall had held key positions, been at the center of legislative activity, and had wide range of experience in education. After I left for the World Bank, he was Acting Secretary for eighteen months. He is therefore in unique position to provide this fascinating case study of these important and continuing reforms.

During implementation what you think will happen is not always what does happen. And there are unplanned, even serendipity effects which are important to capitalize on. For example the decentralized system created in New Zealand is probably the largest, most exciting adult education program the country has ever produced. At any one time 20,000 people (mainly parents) are learning how to set policies to manage property, personnel, finances and curriculum, i.e. create real learning environments in early childhood centers, schools and tertiary institutions.

While the reforms were underway, there was little or no time to write or reflect. Now as the threads are drawn out and woven together the patterns appear...

Maris O'Rourke  
Director, Education  
Human Development Network  
The World Bank

## ACKNOWLEDGMENTS

I am grateful for the help freely given to me by many people, in the preparation of this case study. Thank you to those in New Zealand who allowed themselves to be interviewed, and who shared their recollections with me; and special thanks to Drs Susan and Graeme Butterworth, historians, for the hours we spent in discussion, and for access to your collection. At the World Bank, I acknowledge present and former staff for their thoughtful comments on drafts and their help in bringing the task to conclusion: Sue Berryman, Philip Keefer, Frans Lenglet, Maris O'Rourke, Fernando Reimers, Wendy Rimer, Patrick Supanc, Jeffrey Waite; with special thanks to Yasuhiko Matsuda for his leadership, encouragement and guidance.

## EXECUTIVE SUMMARY

During the ten year period of 1987-1997, New Zealand undertook a major restructuring of its public education system with the primary objective of decentralizing authority and authority to the school level. In this retrospective account, former acting Secretary for Education Lyall Perris shares his views on how such fundamental changes were successfully implemented across political leadership change and amidst potential opposition. To that end, the discussion is largely chronological beginning with the 1987 Education Review

The central focus of the document is on the change process itself, **not** on the impact that structural change has subsequently had on learning outcomes. Outcome analysis is only recently emerging in the academic literature and merits closer attention elsewhere. Also, the majority of discussion concerns reform of the primary school system (K-8), although some attention is given to the politization of reforms surrounding the tertiary preschool levels.

The first third of the document (Sec. 4-6) concentrates on the economic and political context for change, with special attention to the internal pressures within the government to make education reform a priority on the policy agenda against the backdrop of broader, sweeping changes in the public sector. Initial momentum for the reform was created by building inter-ministerial cooperation (i.e. The Taskforce to Review Education Administration), by employing personal commitment by the Prime Minister to enlist public support and invest his political capital in success, and by providing a clear, "pre-negotiated" roadmap for reform implementation (i.e. the Picot Report).

The second third of the document (Sec. 7-13) focuses on the implementation process. Necessary preconditions, planning procedures, and the importance of committed "public entrepreneurs" are discussed. Of particular interest is Perris' discussion of how the education reform agenda remained largely intact despite a change in government. Much of this resilience is owed to the consensus building and communications strategies employed at an earlier stage coupled with adroit conflict resolution and compromise as opposition mobilized in later stages. Moreover, almost all structural changes were legislatively and operationally put in place at a rapid pace **before** the election cycle - raising the cost and reducing the likelihood of reversal.

The document concludes with a brief recap of unresolved issues such as teacher labor relations, funding levels, pitfalls of local control and learning outcomes. It goes on to elaborate the following implementation "lessons" from the New Zealand experience:

- Change is catalyzed by a general reform climate, broad public support, and requisite infrastructure.
- Consistent, strong, committed political leadership is essential.
- Legislating change demonstrates serious intent and reduces the temptation of reversal by fiat.
- Political leaders must have confidence in the commitment and ability of their public officials.
- Allies in the planning and financial arenas of government are critical along with other opinion leaders.
- Use the communications media.
- Change quickly - more quickly than is comfortable.
- Appoint a specialist change manager with authority to act.
- Take action to gain the cooperation of existing staff who must implement the transition.
- Deliberately engage or isolate pressure groups - never ignore them.
- Be prepared to inject extra funding to "sweeten the pill" for reform losers
- Allow for mistakes and create incentives for transparency and learning.
- Remember exit, transition and entry arrangements.

Above all, Perris concludes, remember that change **is** possible.

## 1.0 To the Reader: An Introduction

This case study is more like memoirs than history. I have called on my own memory of the times, private conversations with other participants and discussions with historians, as well as documentary references, to put forward my own judgments and interpretations. In some instances I am not free to quote the views of others, and you, the reader, will have to judge for yourself how much weight to place on some of my statements. Errors and omissions are, of course, my responsibility. The paper does not express the views of the government of New Zealand, or of the New Zealand Ministry of Education.

My own role during the period 1987-96 varied. At first (1987-June 1990) I was a mid-level Department of Education official (at 'Director' level) with a background in curriculum and assessment, who was increasingly working on new legislation and associated policy. I chaired the Legislation Working Group, which handled most of the design of the legislation changes for the early childhood, schools and tertiary changes. My personal focus during that time was on clarifying policy for legislation, although I had some dealings with other Working Groups and with the Implementation Unit, many of whose members were known personally to me.

From July 1990-mid 1992 I managed the funding of all education institutions from preschool to university, and was on the edge of Dr. Maris O'Rourke's senior management team. From mid-1992 I joined the Ministry's Strategic Management Group as a Group Manager (equivalent to Deputy Secretary), primarily responsible for policy development. After O'Rourke left in October 1995 to take up a post with the World Bank, I headed the Ministry as Acting Secretary for Education until my retirement in mid-1996. I was not, therefore, in the 'central group' of the Ministry until the heart of the changes were in place, although I had close working and personal relations with many of the key players well before that time.

I hope that this paper, along with other papers telling 'education change' stories from other countries, will help decision-makers to reflect upon their own situations, and to devise strategies to advance the well-being of their citizens.

Lyall Perris

formerly Acting Secretary for Education, New Zealand.

## 2.0 Purpose of the Case Study

A major reform of education administration and financing, from preschool to university levels, took place in New Zealand during the period 1987-1993. The education reform was part of wider upheavals in government administration which began in 1984. The main thrust of the education reform was to shift governing and managerial responsibilities for education institutions away from central controls, towards community control- but with accountability towards the center. Reform planning was largely completed by 1990 and implemented by 1993.

The purpose of this case study is to try to answer three questions:

- How is it that so much of the education reforms which were proposed (the policy) was actually put into practice (the implementation), when the common experience is that so much education reform policy fails to be implemented?
- What, if anything, can be identified as special to the New Zealand experience?
- What might be learned by other countries confronting the need for education reform?

The focus of the paper is on change processes, but these processes are not independent of the content of reform or the environment in which it takes place. The paper includes some discussion of the perceived problems which led to the reforms, the reform content, and the political context of the time. But the focus is on the implementation of change and in understanding implementation from studying a case where what was attempted was largely achieved.

There are differing views inside and outside New Zealand about the ideologies or beliefs which underpinned the education reforms. The paper refers to these ideologies but does not set out to analyze or judge them.

Although the reforms covered the whole of the New Zealand education system (preschool, school, higher and university), the paper concentrates on the school system.

## 3.0 The New Zealand Education System: 1987

The New Zealand education system in 1987 was (and still is in 1997) a system which mixed local or



district governance and management, with central regulation and funding. Funding for education comes mostly from central government. There are no local or regional taxes for education.

Fig 2.1 shows the education system in 1987 in diagrammatic form. The diagram shows that control (and funding) flowed from the Minister through the Department of Education to a range of intermediate bodies. These intermediate bodies had a variety of powers and responsibilities, but in all cases major decisions were made by the Department of Education Head Office.

### 3.1 *Private education*

New Zealand has an unusually-small private education sector. Approximately twenty-five years ago most private schools took up the option of becoming 'integrated' into the state system. This means that the private owners continue to own their school, but receive full state funding for salaries etc., as long as the school facilities and staffing meet state standards, and the school teaches the state-determined curriculum (with approved additions relevant to the school's philosophy). Fewer than 5% of students now attend private schools which are not 'integrated'.

### 3.2 *Preschool*

Preschool services (for children aged 0-5) were provided by a variety of not-for-profit organizations, which received differing levels of government support. Officially-recognized kindergartens received almost full state funding because the government paid kindergarten teacher salaries and looked after their buildings. Other types of service received less support.

### 3.3 *Primary*

Most children start primary school on their fifth birthday. Primary schools were governed by one of ten Education Boards, each having responsibility for about 200 schools in a district or region. About 10% of primary schools are very small, with fewer than 50 students. The Education Board was the employer for all the teachers in its schools, and made all the employment decisions for those schools (although the money for the teachers' salaries went directly to each teacher from the Department of Education). Each primary school had its own locally-elected School

Committee which managed a very small budget provided by the Board, for things such as consumables and cleaning. Some Education Boards were allowing school committees to make decisions over minor (up to \$100) repairs.

All really important decisions (and many trivial ones) were made by the Education Board staff, over matters such as staff appointments, purchase of capital items, repairs, and so on. Education Boards were responsible for school building construction and maintenance for their schools. The primary school inspectors were based in the Education Board office and acted as professional advisers to the Board and its other staff. Some small secondary schools also came under the control of the Education Board. Primary schools did not interact directly with the Department of Education, but only with their Education Board.

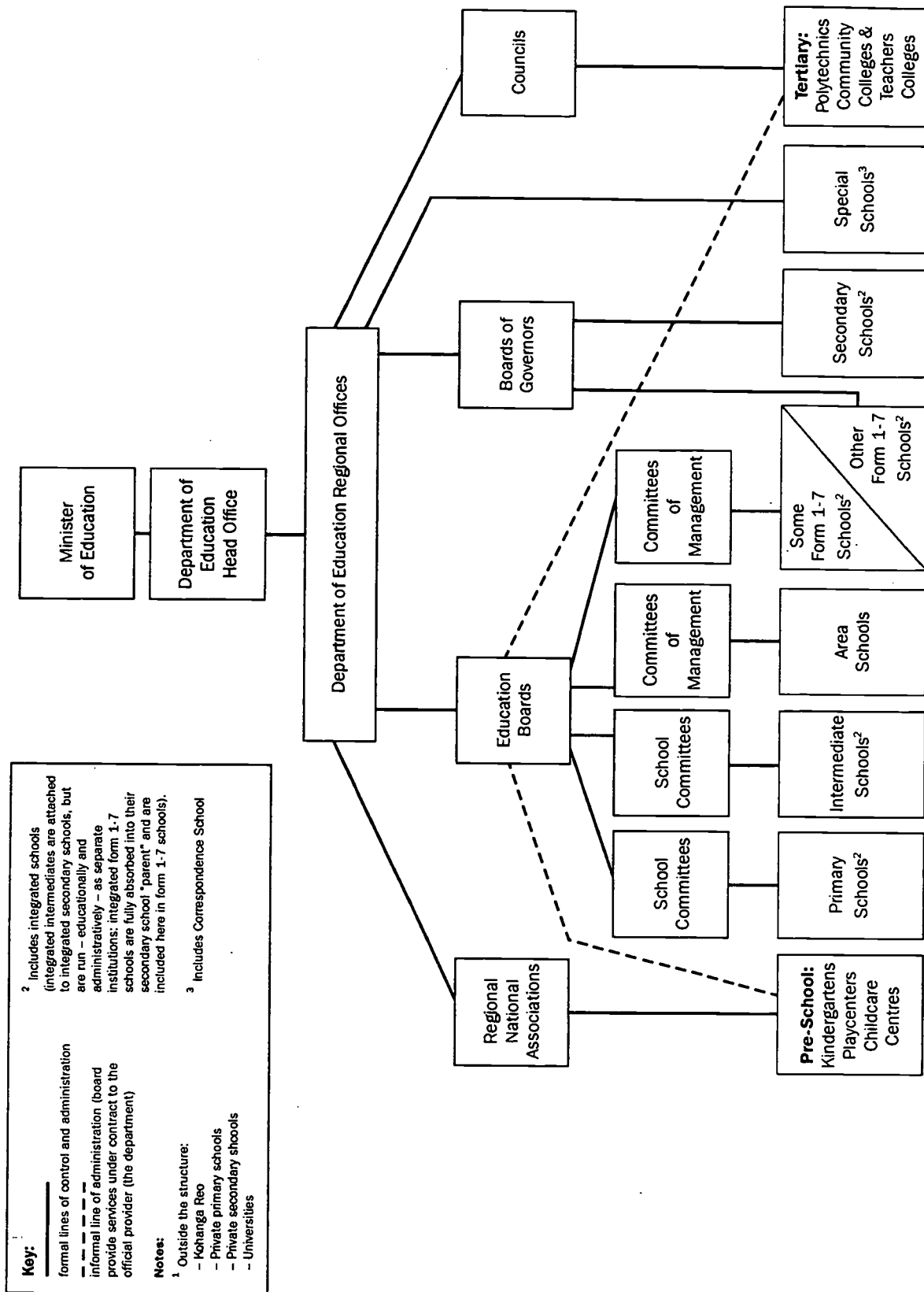
### 3.4 *Secondary*

Children transfer to secondary school after about eight years of primary education, and must remain until their sixteenth birthday. A growing proportion of students were staying to complete five years of secondary education. Most of the 350 secondary schools had their own Board of Governors. These Governors controlled their own school, and related directly to the Department of Education, through one of four regional offices of the Department (which also looked after secondary school property). Each school employed its own staff, and made its own employment decisions, but as with primary schools, teachers' salaries were paid directly to each teacher from the Department. Each Board of Governors received a tightly-controlled budget from the Department for the sorts of things which the Education Boards and School Committees between them handled for primary schools. Secondary school inspectors monitored education standards in secondary schools, just as primary school inspectors did for primary schools.

### 3.5 *Tertiary*

Teachers' colleges and polytechnics had their own governing Councils but were largely controlled through the Department. The Department determined in considerable detail what went on in each of these institutions, down to the level of approving any new course

Figure 2.1: Education Administration in New Zealand <sup>1</sup>



and the staffing which went with it. Universities were independent of the Department. Their funding came to them in five-yearly block grants, which they organized through their own statutory body, the University Grants Committee.

#### 4.0 The Context of Change

The education changes of 1987-91 did not take place in a vacuum or in isolation from other changes which were taking place in society.

##### 4.1 *Economic conditions*

During the late 1970s and early 1980s New Zealand experienced deteriorating conditions of trade, and a worsening balance of payments position. In response, the National government under Robert Muldoon, its Prime Minister and Minister of Finance, tried to protect the country through an increasingly complex system of regulations and controls, culminating in a freeze on wages and prices. The Treasury disapproved of this approach, and developed its own alternatives (influenced by the 'Chicago school' of economics), which it kept 'on the shelf', pending a request by some future government for different ideas.

The currency and balance-of payments problems worsened in mid-1984. Muldoon called a snap election, and lost heavily. A Labor government took office, with David Lange as Prime Minister and Roger Douglas as Minister of Finance. Within days the new leaders were forced to devalue the currency.

Most economic advisers believed the former policies of regulation and control were a dead-end street. Given the abject failure of the outgoing government, the idea of a government-controlled economy no longer carried intellectual credibility. The government rapidly adopted a free-market monetarist approach (completely opposite to its pre-election policies) and set out to reduce government intervention in the economy and to dismantle much of the controls and regulations which had built up.

##### 4.2 *Economic and public-sector reform*

During 1984-87 the government proceeded on the most far-reaching monetary and public-sector reforms in fifty years. An inner core of senior Ministers, and their most senior public servants, were convinced that

unless the New Zealand economy was reshaped, the country's future was bleak. 'Transformation of the economy and the State sector did not just happen; it was masterminded by political leaders who staked their careers on dismantling the cocoon economy.' (Schick 1996 p13)

Although the Labor government sprang from a center-left party, it is now evident that several key members, most notably Douglas as Minister of Finance, assumed power with a preexisting private agenda to dismantle government interventions. The financial crisis gave the reformers an unarguable rationale for change. In addition, Treasury had used the intervening years to train and educate a cadre of senior officials, who provided the intellectual and practical backing for Ministers bent on reform.

Major sectors of the economy were deregulated, and most subsidies were removed, as a first stage in economic reform. From 1986 the trading activities of government entities were targeted, with dramatic gains in productivity (and equally dramatic rises in layoffs). There was very clear evidence that government service organizations had been inefficient (often at Ministerial direction to meet political ends).

By mid-1987, a few months before the 1987 election, attention had turned to the core public sector, which was in the throes of being dismantled and reconstituted under new legislation. Most of the old detailed rules which bound public service practice were to be abandoned, and instead the new Chief Executives were to have much greater managerial freedom to determine for themselves exactly how they went about delivering the products or services (the 'outputs') which Ministers gave them money to produce.

##### 4.3 *Intellectual Underpinning*

Senior Treasury officials were strongly influenced by principal-agent theory, which they had met during overseas study. According to this theory, economic relationships (including public service relationships) are affected by the self-interest of the participating parties. 'Agents' are likely to take self-serving actions, contrary to the interests of their 'principals', unless bound by explicit performance contracts. Principals need to keep their agents at arms-length, especially where policy advice is concerned, or they risk advice

being contaminated by self-interest. Officials from The Treasury and the State Services Commission took this theory and applied it to the Public Service. They argued that the public sector was as prone as any firm to opportunism, driven by self-interest of state-sector employees against the interests of Ministers, and resulting in state sector inefficiencies.

During the period 1984-90 two widely-differing sets of ideas rose and fell alongside one another in New Zealand: principal-agent theory and socialism. The growing acceptance of the former was helped by the decline in credibility of the latter. As events in Eastern Europe unfolded it became increasingly difficult for any argument in support of direct state intervention or the provision of public services to get a hearing.

The ground was clear for an acceptance of principal-agent theory on which to found public-sector reform. The two most significant flow-ons from this theory were seen in the drive to separate policy advice from delivery of services and the development of explicit contracts of service performance (on the argument that advice and service are otherwise likely to be contaminated by self-interest of the deliverer).

Arguably the most important underlying reform idea was to introduce into the public sector a conventional management approach: that government will get improved outcomes by telling managers what it wants achieved, setting accountability measures and performance incentives, and then giving managers freedom of action to achieve those objectives without political interference. (Schick 1996 p19)

## 5.0 Pressures for Education Reform

### 5.1 *The 1987 Education Review*

The origin of the push to set up an education review is mixed. Partly it originated from the Government's 1984 election manifesto, partly from perceived problems about education, but these were not the main reasons the review occurred when it did.

By early 1987, the government's drive for structural change throughout the economy and the public service was in full swing. The State Services Commission and Treasury (with their Ministers) convinced Cabinet (and particularly Prime Minister Lange) that

a change to the Department of Education alone was not enough. There needed to be a wider review of education administration as part of the whole package of public sector reform. There was a general feeling in government circles that the management of education needed a major shake-up. Lange himself did not hide his dissatisfaction over the snail-like pace of decision-making in education, the influence of the teacher unions, and the extent to which incompetent people (teachers and elected governors) seemed to be protected from any action to get rid of them.

The Review was also a convenient counter to public criticism about education which had the potential to be damaging to the government as a late-1987 election issue. The Parliamentary Opposition spokesperson on education had been very effective in challenging and criticizing the government on the well-tryed battleground of 'educational standards'. Many parents and community leaders were concerned about 'standards', and held unspecified fears about the quality of the education system as a whole - surprising fears in view of the positive remarks which overseas experts frequently made about the low cost and high quality of the New Zealand education system (OECD 1982).

To some extent there was an expectation that a review of education was inevitable. Certainly, the extent of change going on elsewhere set a climate of public opinion where it was not surprising to find education under scrutiny. The review was strongly promoted by the Treasury and the State Services Commission and their Ministers, as a means of advancing state-sector reforms into the administration of education at the local level, and of simply getting change in education onto the government's action agenda. Russell Marshall (Minister of Education 1984-87) supported the review initially, although the outcome was not what he expected, and he appears to have been outmaneuvered when the membership and terms of reference of the review were decided upon (Marshall 1990).

### 5.2 *Terms of Reference*

Anyone who studied the terms of reference of the review (Annex One) could see that the government had already reached far-reaching conclusions about the future organization of state education, to shift power and responsibilities away from the central bureaucracies. Furthermore, in requiring the Review to report to

a trio of Ministers (Education, Finance, State Services), it was clear that the Minister of Education was not to be in control. Other powerful Ministers and their Departments (State Services and Treasury) had set the main directions and were intent this time to see change delivered.

The terms of reference were strongly critical of the then Department of Education. They were explicit in declaring an intention to increase power at the local education institution level, and by inference, to decrease the powers of the Education Boards and the Department. Much of the argument about decentralization had already been won inside government circles before the Review ever started. It is noteworthy that the terms of reference did not mention teachers, students, or student learning.

### *5.3 Treasury Views on Education*

At the time the review was announced very little was known in public about the views of Treasury or the State Services Commission on education. Later in 1987 the extent of The Treasury's detailed thinking on education reform was revealed with the publication of its own 200-page brief on education issues to the incoming government (Treasury 1987). That briefing volume had taken several months to research and prepare and is the most comprehensive exposition of a free-market approach to education which had ever been developed to that time in New Zealand. Its development and publication came as a complete surprise to the then Department of Education and to Marshall, its Minister, who had no idea that Treasury officials had been working so extensively on education policy.

Some academics have pushed the 'conspiracy' line very strongly, arguing that The Treasury in particular had been planning intervention in education for a long time. Treasury analysts had certainly been asking questions about the 'value for money' which the people of New Zealand got for their investment in public education. The Lange government intended to review social policy expenditure if it was returned to power after the 1987 election. Treasury had begun work on an extensive policy document on education well before the announcement of the review of education administration. The announcement of the review gave Treasury an added opportunity to influence the review

itself. The Treasury's member of the Review secretariat was, at the same time, one of the main authors of Treasury's education briefing volume for the 1987 election.

### *5.4 Education administration*

Much of the support for education change in 1987 had its origin in the way a national education system was first set up 110 years earlier. The 1877 Education Act took powers which had been held by the Provinces and split them between a central Department of Education and ten locally-elected Education Boards. Tension was inevitable and began almost immediately, as central governments found they needed to strengthen their Department's authority and the Education Boards resisted, supported by advocates of the old provincial system.

There had been several major reviews of education administration (1912, 1930, 1962, 1973-74) which had proposed changes in the relationship between the Department and the Education Boards. No government had acted. Given a three-year parliamentary term, and the adversarial nature of party politics, it had always been possible for those opposing major change to make change an election issue, or otherwise to drag out the debate until other issues became more important or there had been a change of government.

### *5.5 The Department of Education and Education Boards*

The Department of Education, as the operational arm of government, had never had many friends in the community. There was little liking for central government, and "the bureaucracy" was a soft target to criticize. Much of its life was spent saying "no" to people who wanted more money spent on something, and who did not realize that the Department could allocate only the money which it was given by the government, and then only in the ways that the government approved. Along with other Departments it suffered through the growth over the years of volumes of rules for everything. Decisions seemed to take an interminable time (frequently because they had to be referred to the Minister).

The locally-elected Education Boards and their staff had made their own enemies. Stories of their



inefficiency and stifling rules were legion, and these were felt particularly by the 2300 primary schools, their teachers and communities. A better-educated parent community was becoming less and less tolerant of being controlled by Education Board clerks over matters big and small, ranging from the appointment of teachers to the repair of a broken window.

In 1987, local irritations and concerns coincided with a government which was intent on change. "As Lange toured the country consulting with parents and educational groups he encountered a barrage of criticism informed by a single theme. What people wanted, it seemed, was freedom from the distant constraints of the Education Board and the Department of Education" (Nash 1989).

### 5.6 Education administration on the decision agenda

In his study of public policy in the USA, John Kingdom (1984) identified the importance of agenda-setting in government. No government can do everything all at once. There are always priority-setting exercises going on, where the power-centers of any government are *making decisions about which matters need decisions*.

*"The agenda ... is the list of subjects or problems to which government officials, and people outside of government closely associated with those officials, are paying some serious attention at any given time.... The governmental agenda (is) the list of subjects that are getting attention, and the decision agenda (is) the list of subjects within the governmental agenda that is up for active decision."* (Kingdom pp.-4)

Unless something is on the agenda it is not being considered. Participants and processes all play their part in determining what gets attention (on the agenda) and what gets action (decision agenda). The process of public sector reform meant that education administration (along with all other government administration) was on the agenda. The shape of the terms of reference for the review indicated that Ministers had already been persuaded that operational responsibili-

ties of the Department of Education were to be pushed out towards the individual institution.

It has been argued that the education reforms were not essentially education reforms at all, but were public sector management reforms which gained support through tapping into community unhappiness about the current system. Certainly the major players had a variety of objectives, only some of which were clear to the public:

- Treasury wanted to achieve financial savings. Some savings were attained, but all were redirected into schools. Other savings in university and polytechnic expenditure could have been achieved under the old system just as much as under the new.
- Government wanted public sector reforms to permeate the education sector - deregulation, transparency of decision-making and responsibility, removal of layers of management, reduced wastage of funding on transaction costs.
- There was an ideological assumption, from Treasury and others (but accepted by government) that policy advice functions needed to be separated from the delivery of services.
- Leaders in the education institutions, including teachers, wanted greater authority and autonomy. They believed that centralist constraints prevented them from making decisions which were in the best interests of students.
- Parents wanted more say in the education of their children.

The interests of the major actors converged, all likely to see gains from a reduction in the size and powers of the education bureaucracies. This common interest provided a unifying thread which encouraged participants to work through differences to arrive at acceptable compromises.

On 21 July 1987, one month before the August 1987 election, Prime Minister Lange announced the "Task force to Review Education Administration". The big surprise was its chairman, who was not an educator, but a businessman, Brian Picot. Picot's name signaled an intent to head in a different direction. It was

now obvious that education was on the government's decision agenda, and that education was to be looked at from a different point of view - management and efficiency.

There was no strong push from the community or from the education bureaucracy for reform of education administration, but once the Picot Task force began it released a torrent of criticism of the existing system. Lange, especially, understood and used that criticism, as an unexpected but serendipitous groundswell of support for change.

## 6.0 Designing the Reforms

### 6.1 Members and officials

The members of the Taskforce were an unusual mix and balance, for a New Zealand education review committee, consisting of two educators, two businessmen (one of whom was chair), and a Maori.<sup>1</sup> Much of the strength of the Taskforce lay with its secretariat: one person each from the Department of Education, State Services Commission and The Treasury. These three middle-ranking officials were the ones with access to departmental resources of information and analysis, and with access to the Heads of their Departments and to Ministers. As noted in section 5, the Treasury official was also one of those who were concurrently writing the Treasury's election briefing volume on education policy.

The role of the particular officials in the Review should not be underestimated. Capable officials in New Zealand, who have access to Ministers, develop a reputation for credible and sound advice which is independent of their rank in any hierarchy. The two officials from the State Services Commission and The Treasury, especially, worked closely together in giving their own advice to key Ministers (not just their own), independently of the formal work of the Taskforce. This helped to shape the views of Ministers as the Review proceeded, and in turn fed back to shape the Review through discussions between Ministers and Taskforce members - an influence route of which Taskforce members were unaware.

### 6.2 The Taskforce and the government

The Labor government was returned to power at

the 1987 election, and Lange continued as Prime Minister. He made the surprising and far-reaching decision to be Minister of Education as well. It is essential to understand the importance of this decision. In the New Zealand system of government (unicameral, Westminster-style, Cabinet-led) the Prime Minister holds considerable informal power. By holding the Education portfolio himself Lange made it almost impossible for other Ministers to 'move in on' education. It is not entirely clear why Lange held the Education portfolio to himself. The most plausible explanation is that it was a combination of dissatisfaction with the performance of Marshall, and a genuine personal interest, with a concern to protect education resources from threatened inroads by the Minister of Finance.

Until late in 1987 it was not clear where Lange himself stood as the direction of the Taskforce's thinking began to become clearer - to establish all schools as self-governing, with no intermediary bodies between schools and the Ministry of Education. As Prime Minister as well as Minister of Education he had the authority in practice to veto anything the Taskforce proposed.

*"The PM listened to the arguments and for a while kept his cards close to his chest. Then one day he said, 'We need more democracy, not less. Picot's for democracy, so am I. Let's go.'"* (McQueen 1991)

The Report of the Taskforce (Picot 1988) was released in May 1988, a few months after the Lange government had been returned with a sizable majority. There was to be no slackening of the pace of change. The Director-General of Education, Bill Renwick, could have been an obstacle but instead announced his retirement, and a new head for the Department of Education was to be appointed.

### 6.3 What the Report said

The Report did not skirt around confronting difficulties. There was implicit severe criticism of Education

<sup>1</sup> Editors note: The Maori are the indigenous ethnic minority in New Zealand. Policy initiatives in New Zealand frequently mandate Maori representation to counteract historic economic discrimination and underrepresentation in the political process.

Boards and the Department of Education. The forthright language of the Report was such that either the Boards and Department had to go, or the Report had to be rejected outright - the Taskforce, of course, knew before the Report was released that they had the government's support for what they proposed.

The Taskforce identified five areas of serious weakness:

- *overcentralization of decision-making*, with duplication of decisions, slowness, vulnerability to pressure groups, and excessive ministerial involvement, leading to a culture of dependence; e.g. a request from a teacher for paid leave of absence might have to be referred to Head Office of the Department for a decision.
- *complexity*, with fragmented and uncoordinated decisions and duplication of services e.g. designs for a school building might be prepared by an Education Board architect, but be reviewed by more architects at Regional Office and Head Office of the Department.
- *lack of information and choice*, including lack of information about students' standards of performance.
- *lack of effective management practices*, with blurred responsibilities, lack of priorities, lack of accountability, and few incentives for effective management.
- *feelings of powerlessness*, and consumer dissatisfaction and disaffection, particularly amongst parents.

The Report could have recommended reformation of the Department and Education Boards but it did not. Instead it went far further and proposed eliminating both. It recommended a fundamental restructuring of education administration, the basic unit to be the individual learning institution. ('This is where there will be the strongest direct interest in the educational outcomes and the best information about local circumstances.' Picot 1988 p.xi) There were to be no intermediary regional or district education authorities between the individual learning institution and the government.

Each institution - whether early childhood center, school, or tertiary institution - was to be under the overall

policy control of a board of trustees, elected by and from within the parents of students attending the school. The day-to-day control of the institution and the implementation of the policy would be the responsibility of the principal. A 'charter', to be developed in consultation with the institution's community, would define the trustees' responsibilities and objectives. Quite deliberately, the report left teacher employment arrangements and conditions untouched. The Education Boards were to be abolished, and a freshly-designed and organized Ministry of Education would replace the Department of Education. All this was to be in place and to take effect on 1 October 1989, a bare eighteen months out from the Report's release date.

It should be noted that there is nothing inherent about New Zealand public service managers which makes them incapable of exercising initiative. To the contrary, one of the outcomes of freeing up state entities was the flowering of new initiatives from their managers. It is possible that Education Boards and the Department could also have changed in this way, given the directions, incentives and freedoms to do so. They were not given the opportunity.

#### 6.4 Public reaction

The government provided eight weeks for any submissions to be made on the Report, and was flooded with responses. In August 1988 it released its white paper, '*Tomorrow's Schools*', announcing its decisions (Lange 1988). All the main recommendations of the Report were accepted, including the 1 October 1989 deadline for the changes to the Department and Board structures. The release was supported by an extensive advertising campaign. Community comment was overwhelmingly supportive. "It has proved impossible to create significant opposition to the proposed reforms and it is quite probable that the majority of people are in favor of the changes as they understand them." (Nash 1989) Any hope of a political center for opposition to the proposals had been dashed months before when the Opposition spokesperson on education, Dr. Lockwood Smith, declared his support for the Picot recommendations.

#### 6.5 New Director-General of Education

Dr. Russ Ballard, Director-General of the Forestry



Department, a management expert with no experience of education administration, was recruited as a change agent with the understanding that he would be responsible for putting into practice whatever decisions the government made about the Taskforce Report. Ballard's appointment as the last Director-General of Education was announced on the day *'Tomorrow's Schools'* was released.

#### 6.6 Other education reforms: preschool and tertiary

The government's 1987 election manifesto included commitments to review the preschool and tertiary sectors of education, as well as schools. Lange and other key Ministers were deeply committed to a managerialist view, that administration is best served through deregulated decision-making as close as possible to the action. This aspect of any change (devolving of authority) was likely to be highly popular. These two further reviews, which form part of the total education reform package, were initiated in 1988.

Government women MPs were influential in setting up a review of preschool education. A crucial piece of good fortune in the work of this group was the appointment of Dr. Anne Meade as chair of the review. Dr. Meade (now Director of the NZ Council for Educational Research) was a respected early childhood educator, but was also about to take up a post as an advisor in the Prime Minister's Office. She had unique links to government MPs and to the work of the other reviews as they proceeded. By the time the Meade Report *'Education to be More'* (Meade 1988) was complete, it took the directions of the Picot Taskforce into account and already had the informal support of the Prime Minister. As with the Picot Report, this was followed rapidly by a white paper *'Before Five'*, released in January 1989 (Lange 1989). The key decisions were in line with *'Tomorrow's Schools'*. The main decision was that the great variety of early childhood education services (including privately-owned services run for profit) should all be treated and funded similarly, over a period of time.

The tertiary review was chaired by a management academic, Professor Gary Hawke. His report (Hawke 1988), prepared without consultation with the tertiary institutions, generated much negative reaction

when it was released in September 1988, particularly from the universities. Two universities took the Government to court and forced further consultation. A consultation document *'Learning for Life'* was released in February 1989, followed by a white paper *'Learning for Life II'* in mid-1989. A subcommittee of Cabinet, led by Phil Goff, Associate Minister of Education, met for hours every week during this period receiving reports from working groups and from officials, and checking off the myriad of decisions needed. Changes to take effect from 1 January 1991 included the following: the establishment of a national Qualifications Authority, polytechnics and colleges of education to become independently governed by councils in the same way as universities, the introduction of a formula-driven funding system to give government funding according to the numbers of students enrolled and their courses of study, the requirement that students would make some contribution to tuition costs by paying a standard fee, and the decision to set up a government-backed student loan scheme.

To sum up, the reforms in all three education sectors (early childhood, schools, tertiary) had three things in common. A managerialist approach devolved decision-making power away from central or regional bodies to the level of individual education institutions. Resourcing for each institution became very strongly dependent on student enrollment ('student as voucher'). The new Ministry of Education and other bodies were established with written contractual and accountability relationships between themselves and education institutions, which had the effect of formalizing, distancing and depersonalizing those relations.

#### 6.7 Government support

Ministerial support was strong and unwavering during the design of the reforms from 1987 through to mid-1989. The Ministers of Finance and State Services were supportive from the start, but once Lange as Prime Minister came in behind the Picot Report, the change momentum was high. Ministers spent many hours studying papers and debating options. As far as the schools and early childhood reforms were concerned, Ministers were buoyed up politically by very strong public support for the direction of change, especially the devolution of authority from the center to

the local level. By the time some of the opposition to the tertiary changes was becoming apparent, the government was in internal political trouble (Lange stepped down as Prime Minister in August 1989) but was so committed to the changes it was unable to consider pulling back.

Key officials provided the support to Ministers and the analytic engine to look at options and costings. The State Services Commission and The Treasury provided a consistency of advice and approach through the period. Often the same officials were working on more than one reform. Although the Department of Education was in some disarray, and actually being dismantled during some of this period, the fine-structure of the reforms could not have been developed without input from education officials and education personnel.

### 6.8 Taskforce Members

The role of non-officials in the early design of the reforms is less clear. Picot and the other members of his Taskforce were the focus of public attention, as they toured the country, but they had somewhat less influence on the final shape of the reforms than the public realizes. Some of the important thinking had been done before the Taskforce was established. It was the officials who put up the main options which the Taskforce members could choose from. What the Taskforce did very successfully was to check out how acceptable various elements of reform would be to the public and to interest groups. Some of the favorite ideas of the Taskforce members (Education Policy Council) were opposed by the officials and were never proceeded with. Some others (Parent Advocacy Council, community education forums) were abandoned by the next government.

The public does not understand (nor do some members) how it is that the government communicates with and influences the Taskforce and committees it set up. All these committees either had officials as members or secretariat, and it was through these officials that communication and negotiation occurred. They kept Ministers informed of the committee's thinking and in turn fed in the Ministers' viewpoint. Officials acted as the negotiators between each taskforce/committee and Ministers; the end result being a report and recommendations which had been pre-negotiated with the government.

Parents had no effective organized voice, but wherever public meetings were held parents spoke out in favor of the direction of change. The teacher unions had the potential to disrupt the reforms and were critical of the reforms proposed, but their criticism was muted, because teachers' pay and conditions were to be left unchanged. Teachers (other than principals) were to be left alone while the reforms took place around them. The unions did try to argue that parents were not qualified to govern schools, but this had the effect of turning parents against them. In an environment where large numbers of public and private sector jobs were disappearing through restructuring of the economy, the report was seen to place teachers in a privileged position, and the unions gained little public support for their stance.

In the early childhood changes, Meade chaired the review group and the group which developed the white paper for the government. She provided consistent leadership and connections with government thinking. The government suffered a temporary setback in designing the tertiary reform, because it was forced to issue two reports (Hawke and Learning for Life) before it could get to the white paper stage. But this did not change its fundamental direction during the design phase 1988-89. By the time *'Learning for Life'* was issued for consultation the government had already largely made up its mind.

## 7.0 Implementing the Reforms - Preconditions

In any radical change to a government system, there are a number of matters to be considered, which are not specific to the change itself, but which are necessary for the change to be able to be implemented? Let us examine these in terms of three sets of issues: societal, infrastructural, personnel.

### 7.1 Societal conditions

New Zealand is a relatively peaceful and homogeneous society accustomed to the rule of law, and to accepting government decisions as being legitimate. There was never any likelihood that the government's decisions would have been disobeyed. Civil disobedience is rare. Moreover civil disobedience in the public service is almost unthinkable. Public servants could be

expected to work to implement the government's decisions even if that meant destroying their own jobs - and they did.

Did New Zealand as a society have a sufficient number of sufficiently capable citizens in every community willing to join the new voluntary boards of trustees for schools and other institutions? At the time no one knew, and the major concentration in the government's advertising campaign was to increase understanding and interest in boards of trustees. The first school board of trustees election was the test, and in the end every school did have enough people standing to form a board. In hindsight it is clear that some communities, perhaps 5%, will always have difficulty finding the necessary people with the right skills, and are likely to need ongoing support from outside.

Financial corruption and bribery are rare in New Zealand. Individual people are, of course, able to be tempted, but simple bookkeeping practices can keep them honest. The government could assume that a group of people elected as a board of trustees would not get together to siphon public money into their own pockets.

### 7.2 *Infrastructural conditions*

The main infrastructural questions concerned the drafting and passage of legislation, communications systems, and financial systems. The design and passage of the necessary legislation required concentrated integrated work between policy specialists, Ministers and experienced law drafters. An efficient postal and telephone service, together with the rapid spread of fax machines in schools, made it possible to get documents out to schools and groups and to get their feedback within short timescales.

A less obvious issue was the development of a new devolved financial system, and its associated computer system design. The devolving of responsibility to 2300 school boards of trustees (and later to several hundred early childhood services) depended on the ability of the new Ministry of Education to calculate the funding to go to each institution, and for the banking system to transfer that funding electronically into the bank accounts of the institutions concerned. This would not have been possible without the combined expertise of people who were able to unravel the old financial system and design a new

one, and people who could design a computer system to carry out the calculations automatically.

### 7.3 *Personnel*

The change process depended not only on loyalty of personnel, but also on their willingness to take part in the change, and on their expertise. The 'white papers' did not give the full detail of the changes to come. Those leading the change process knew they could not carry it out unless the people already working in the old system were drawn into helping to create the new one. Their knowledge of how the old systems worked was essential in ensuring that the new systems would still deliver what was required at the local level. Partly they were buoyed up by the agreement that they were to have first priority in appointments to the jobs in the new organizations, even though there were to be many job losses.

## 8.0 Implementing the Reforms - Planning the Process

Nancy Roberts and Paula King carried out an intensive case study of public school choice policy in Minnesota. Arising from that study, they analyzed the significance of change agents or entrepreneurs in policy innovation (Roberts and King 1996), particularly in relation to radical change, and developed a theory of policy entrepreneurship and radical change.

*"Thus, our analysis leads us to understand radical innovation in terms of individuals who initiate action against the current system. The policy entrepreneurs in our study questioned assumptions, they pushed, probed, and challenged the existing order. From our perspective, they did not react to a crisis or disruptive event as much as they helped create the perception that one would appear if no policy changes were made. They functioned as catalysts, and, like chemical catalysts, provoked a reaction around them without themselves being transformed. We view catalytic agents as essential to radical policy changes." (p 223).*

Roberts and King use the concepts of *energy* and *alignment*. Public entrepreneurs are the people who catalyze and focus the 'social energy' required to design innovation and bring it into being, and who align or constrain or direct this energy and preserve it from dissipating. The notion of 'public entrepreneurs' is a particularly useful tool in analyzing the New Zealand case.

### 8.1 A change leader

The search for a suitable person to lead the implementation of the reforms in 1988 began some time before the official change decisions were made and published. Ballard's appointment as Director-General of Education had to be sorted out before the publication of *'Tomorrow's Schools'*, and was announced to coincide with the publication of that document. The State Services Commission was responsible for his appointment and wanted someone who would drive through the changes which Ministers were in the process of deciding they wanted. The job was a hard one to fill. Ballard was a new broom, a change agent, brought in on a short-term contract with the task of closing down the old system and starting up the new. This was a high-risk job - failure would ruin the appointee's reputation and be very embarrassing politically.

Ballard was an unusually energetic and focused leader. He knew what he wanted and made it clear from the start that it was his task to get the changes in place by the announced date and he would not put up with any delays. He accepted temporary solutions to problems that were too hard to solve in full in the time available. As soon as Ministers were confident that he knew what he was doing they largely left him alone to get on with it, or took his advice when questions arose. At the same time, Ballard kept other departments (especially State Services Commission and The Treasury) out of the implementation process. He convinced Ministers there was not time for the usual inter-departmental debates and consultations, and they accepted his argument. (There was a price to pay later for freezing these other departments out of the process - see chapter 11.)

### 8.2 Ballard's key decisions

Ballard took three key decisions on his arrival in

1988. He decided that his own attention had to be concentrated on the change, and so he retained the retiring Assistant Director-General of Education to look after all the 'business as usual' aspects of the education system.

Second, he set up an Implementation Unit as a change management team, which he headed, and which reported directly to him. The management of that team was the responsibility of the other Assistant Director-General of Education, who had a wide public service administration background. He hand-picked the best people he could release from elsewhere in the Department of Education, and employed a small number of communications and planning experts. A key person in this team was an outsider with expertise in project planning, whose job was to draw up all the action timetables. The Unit grew as the implementation process went on, but Ballard stayed in direct control of it.

Finally, he understood that successful implementation needed the expertise and approval of education leadership outside the circle of officials - the leaders of the 'stakeholders' - but their involvement could only be as advisers. As soon as *'Tomorrow's Schools'* was released Ballard established a collection of 20 'working groups' to look in detail at various aspects of the announced changes, and to provide advice on how to make the changes take effect. (The same system was used for the early childhood and tertiary change implementation.) The terms of reference for these groups were set by Ballard, and the membership was very carefully selected to include a mixture of experts and leaders from the various education lobby groups, as well as from the officials.

## 9.0 Implementing the Reforms - Making it Happen 1988-89

Ballard was in charge of the implementation of the *'Tomorrow's Schools'* changes from August 1988 until the demise of the Department of Education on 30 September 1989 - barely 14 months. This period also included the development of the tertiary and early childhood reform policies, on a different timetable to take effect on 1 January 1991. Ballard therefore was involved in a mix of policy development and implementation.



Politically the period was turbulent. The next General Election was not due until late 1990. The Labor Government had been returned in 1987 with a sound majority and was in the midst of wide-ranging state sector changes, and showed no signs of wavering from that intent. The main opposition political party, National, did not oppose the direction of the reforms, but concentrated its fire on the way the reforms were being put into place.

There were, however, internal tensions developing within the government, between the 'right wing' reformists centered on Finance Minister Douglas, and the rest, which included Prime Minister Lange. Lange and others were having second thoughts about the extent of 'pain' which was being inflicted on the country, as the public sector cuts took effect, and the unemployment numbers rose. The rift between Lange and Douglas was public by the end of 1988, and widened through the months of 1989 until Lange threw in the towel. To a degree there was an absence of clear leadership from Cabinet during this period, and Treasury had less influence on education than might have been expected - which left the way clearer for Ballard to exert his own control of the reform implementation.

### *9.1 Ballard and the Prime Minister*

Ballard had a strong Minister of Education (Prime Minister Lange), and with his Prime-Ministerial backing was given a virtual free hand to do whatever was needed to get the reforms into place. There was a clear recognition that he would need to cut corners and might make some mistakes in order to meet the 1 October 1989 deadline. Ballard was in no doubt that he personally had Lange's full support and backing. Ballard says that Lange told him "That's my policy. You put my policy into effect and I will support you one hundred percent in doing it". (Ballard 1993). Nor would Lange allow any of the pressure groups to subvert the policy or its implementation through direct approaches to him or to other Members of Parliament - anyone who tried to do this was told to take the matter up with Ballard. Ballard described this knowledge of support as "very liberating". It gave him the confidence to get on with the implementation job, assured that his position was not being undermined behind his back.

Ballard and Lange both acted as 'public entrepre-

neurs' during this period (see Roberts and King 1996). Lange took the political leadership role, and from his position as Prime Minister was able to ensure the implementation did not stall because of any wavering in government commitment. Ballard took the practical leadership role, to ensure the implementation kept to its pre-set timetable.

Organized labor was in disarray. So much change was going on concurrently that the state sector unions were unable to fight all fronts at once. The teacher unions seemed to be (temporarily) intimidated by the government. There was a feeling among the unions that the government at this time seemed to care nothing for public opinion. In any case, the announced changes protected the positions and conditions of all teachers, so it was difficult to work teachers into agitation against changes which were so popular with parents.

### *9.2 News media and communications*

The news media in New Zealand are very influential. They are independent from government control or interference, and can usually be relied on to take an automatic 'negative' stance towards any government policy or action - irrespective of what party is in power. The government accepted it would have to spend money to buy advertising time on radio and TV to be sure of getting its 'good news' side of the changes out to the public, as well as the usual expenditure on newsletters and pamphlets. Ballard understood from the start of the implementation phase that he had a big 'communications' task on his hands. He hired someone with journalism and public relations experience, whom he trusted, and all communications about the changes went through her: TV/radio advertising, press releases, responses to negative stories in the media, print materials.

In addition to the use of news media for communications, Ballard identified a small number of 'cause champions' from among the education groups and stakeholders, who were enthusiastic about the changes and were good communicators. They were helped to travel the country speaking to public meetings about the changes. They were very effective, especially in the smaller towns and rural districts, in helping to maintain the tide of public opinion in support of the changes.

### 9.3 *Working parties*

Ballard set up working parties on various aspects of the changes, with the task of working through the detail necessary to implement the changes successfully. These working parties included some of the leadership of every major education interest group, in some cases as nominees from the interest group, in other cases hand-picked by Ballard.

The working party process was effective in ensuring that most of the policy was checked out and found to be workable, and that it was accepted by the education interests. Working parties were told very firmly that the policy decisions had already been taken and were not to be reopened. They were also told that existing education finance was to be redistributed but there would be no more money put in. If a good case was put, however, Ballard and Lange had no compunction about changing the details of what had been announced in *'Tomorrow's Schools'* if they were satisfied that a working party was advising something more workable. Some of the working parties were chaired by officials, some by outsiders such as school principals or chairs of Education Boards. In almost all cases an official acted as secretary and wrote the report of the working party.

Working parties like this in New Zealand have their own dynamics. New Zealand has such a small and mobile population, that especially when people with education interests are brought together, they frequently find they know one another. Even when they do not, they will find they have common acquaintances or common experiences. Most people invited to join a working party accept, figuring that by doing so they may be able to achieve something for their cause or the people they represent. By accepting an invitation to take part, members have tacitly agreed that they will work together on the task. Finally, although individual members often have some special interest that they wish to promote, other members are seldom willing to let any one special interest become too prominent. The usual outcome of such working parties is a workable tradeoff of special interests, which all members sign up to. Minority reports or walk-outs are rare. Once members have signed up to their report there is strong social pressure on them not to change their minds or reject the report afterwards.

Nicholas Barr in an unpublished paper for the World Bank (*Putting Educational Policy into Practice*, Barr 1996) has argued for the importance of continuous interaction between policymakers and the people affected by policy change, and that this interaction should take place during policy design and during policy implementation. Barr argues that to be successful, the initial design of policy should include 'policy design experts, people with practical political skills and people with practical administrative expertise (i.e. all three ingredients are represented)'. Ballard's working party process is an example of this interaction in practice.

### 9.4 *Teacher unions*

Secondary teachers were the only major group not to take up all their invited places on the working parties. They tended to stay aloof and put all their efforts into opposition, and failed to exert the influence that might have been expected. Staying out of the process did not gain them support or strength. The primary teachers' union accepted that the changes were going to happen, and took a full and generally constructive role in the working parties, and had considerable influence.

### 9.5 *Other scrutiny*

Late in 1988 Ballard appointed another tier of advice, the 'Education Evaluators', as a counter to criticism that the working party process was too mechanistic. This group of eminent educators met regularly to scrutinize the work of the working parties, before their reports were passed on to the Cabinet Committees which needed to make final decisions. The reports were also scrutinized by the government's Caucus Education Committee, which consisted of government MPs with experience or interest in education, but who were not in Cabinet.

### 9.6 *No turning back*

Meanwhile Ballard drove the Implementation Unit very hard. As the Unit grew he set up a small management structure, but the arrangements were seldom formal, and depended on his own decisions. Once the first elections for school boards of trustees had been held successfully in mid-1989 it was absolutely clear there could be no delays or turning back( the first item of legislation early in 1989 had been a separate Bill for

the election of Boards of Trustees for schools). From that point on almost the entire attention of Department and Education Board staff turned to the close down and start up details.

By early 1989 it was obvious there was too much undecided about the tertiary changes to bring them fully into the new Ministry on 1 October. Those parts of the Department which dealt with tertiary education would therefore stay as they were until 1 July 1990. Everyone else had to apply for new jobs and go through a new appointments procedure. New jobs required different skills in the new organizations, and the organizations in total were under direction to employ more women and more Maori people than in the past, at all levels.

In August 1989 Lange resigned as Prime Minister after several months of Cabinet in-fighting. Goff, his former Associate Minister, replaced him as Minister of Education. Interestingly, there was no attempt to reverse the education changes at this time. The Education Act 1989 had almost completed its passage through Parliament and implementation was too far advanced to be able to be undone.

## 10.0 Implementing the Reforms - Making it Happen 1989-91

### 10.1 The new Ministry

At midnight on 30 September 1989 the Department of Education and the Education Boards went out of existence; and the Ministry of Education, school boards of trustees, and the other agencies sprang into legal existence. Ballard moved out to another job, and Dr. Maris O'Rourke took up her job as the foundation Secretary for Education in the new Ministry.

O'Rourke had been appointed some months before, but her appointment was a complete surprise, another indication that the old was being swept away. Prior to her involvement in the Implementation Unit, O'Rourke had filled a mid-level role in a regional office of the Department. Although O'Rourke had some influence on the structure and staffing of the new Ministry, and of new appointments, she was not in complete control of either. The structure of the Ministry, and the job descriptions for positions, had been largely settled before her own appointment as Chief Execu-

tive-designate.

Only one person from the top three tiers of the old Department won a senior post in the new Ministry. Almost all senior positions were filled initially by people from the old Department, but drawn from the middle ranks. The proportion of women in senior posts increased dramatically. Staff from the Implementation Unit figured prominently in the new organizations.

It was accepted that there would be a need for ongoing transitional arrangements to continue to finalize the unfinished business of the closures of the old organizations. The new Ministry included a Residual Management Unit to look after and deal with such matters as leases for buildings which were no longer required, winding up contracts for services which were now not needed, and so on.

O'Rourke and her new team were committed to the rationale for the changes they were now putting in place, and to the need to adopt new roles themselves. Much of the agenda for 1990-91 was already set in outline: getting the new tertiary councils elected, designing and putting new funding systems in place for tertiary and early childhood education. More widely, however, there was a need for the Ministry and the other new organizations, including boards of trustees of schools, to learn what their new roles meant. The Ministry took a 'hands off' approach to schools, to allow the new boards of trustees to take on the responsibilities they were meant to have, without intervention.

### 10.2 Signs of opposition

By mid-1990 some of the early euphoria about the changes was beginning to wear off. The government had to put extra money into school funding in order to arrive at a funding formula which would be acceptable to the newly elected boards of trustees. Parents found they still could not get their children into popular schools which were full. Boards themselves were starting to realize how much voluntary work was involved in their role, and how much control the government still held. Early childhood education groups were unhappy that the government had not raised their funding rates to the full extent recommended in '*Learning to be More*'. Some of the unsolved questions which Ballard had put aside with temporary arrangements were becoming more problematic.

And opposition to some aspects of the new system was starting to emerge.

From late 1989 the government was confronted with a well-organized campaign by the universities, supported by Dr. Lockwood Smith, the Opposition spokesperson on education, to back off from parts of the changes it had announced in relation to the universities. The battlecry was 'academic freedom' but it was at heart a power-struggle about limitations on government control. There was a serious threat of an international boycott of university teaching vacancies in New Zealand. By mid-1990 the government was in trouble politically, coming up to another General Election, and the Prime Minister, Dr. Geoffrey Palmer, a former university academic himself, was of a mind to give some ground. The Education Amendment Act 1990, which set the legal foundation for the tertiary education changes, was substantially amended from its original form. Unhappy with the price they believed they had paid for structural and other change in the economy, the electorate voted the Labor government out at the end of 1990. A National government took office, with Dr. Lockwood Smith as its Minister of Education.

### 10.3 Lockwood Smith as Minister

This could have seen the end of the change process but Smith reinvigorated it. He believed the changes of the previous government were in the right direction, but that they did not go far enough in devolving authority to the education institutions. In his view the new Ministry and other government agencies had too much central control and did not give enough freedom to institutions to decide policies for themselves. Other Ministers supported him so that legislation was passed in 1991 to give further devolution of authority to councils and boards of trustees, and to correct several drafting errors which had arisen in the rushed legislation of the preceding two years.

Nevertheless, by the end of 1991 all the major elements of the reforms proposed by the Picot Taskforce in 1988 were in place and running: self-governing education institutions, the Ministry of Education and a cluster of new education agencies including the Education Review Office and the New Zealand Qualifications Authority, and formula funding for education institutions driven by student enrollments. The change of gov-

ernment had brought some tinkering and reversals but the main pieces had not been touched.

## 11.0 Reviews and Evaluations

### 11.1 Impact of academic comment

The New Zealand education changes have provided fruitful ground for academic comment since 1988, comment which has been largely ignored by officials and politicians. There are three main reasons for this.

First, there is very little crossover between academics and officials. Academics seldom take up positions as officials and vice-versa. There is in practice very little contact between academics and officials. Academics are unwilling to become involved in the turmoil of politics, or in the give-and-take of policy debate and policy formation. Second, academics as university staff became very early identified with the opposition to the tertiary education change proposals, and lost credibility with the government on that ground.

Next, the academics seldom interviewed or questioned the policymakers or officials. Senior officials and politicians involved in the change policy and implementation did not know about many of the academic papers being produced, did not read them, and were not questioned about them. Finally, the downfall of communism undermined the credibility of the Marxist analysis which seemed to be the prevailing philosophical approach adopted by university commentators on education.

Most of the university academics who commented on or reviewed/evaluated the initial reform actions did so from a standpoint of opposition to the changes. Some attacked the changes as a far-right conservative plot to privatize education and remove the state from its role in the provision of education. Some saw them as a planned move to increase the power of the state over local communities while walking away from local responsibility. Others acknowledged the initial popularity of the proposals but predicted difficulties in the future. There was an almost total lack of comment from academics in the fields of business and management.

### 11.2 Official review of the new organizations

As noted in an earlier chapter, there was a price



to pay for the stance Ballard took to exclude the State Services Commission and Treasury from involvement in the implementation decisions of 1988-89. Late in 1989, even before the establishment of the Ministry and the other new bodies, these two departments argued that the reforms were already off-track. Broadly, they claimed that the central agencies such as the Ministry were bigger than they needed to be, and that the working party process had allowed entrenched self-interest to subvert the reforms. Ministers were concerned that the changes had not produced the financial savings they had thought might eventuate. To some extent Treasury was revisiting unfinished business from its policy briefing volume of 1987.

A review concentrating on the new bodies was set up, headed by a former Secretary to the Treasury, and completed its work early in 1990 (Lough 1990). O'Rourke insisted she personally be a member of that review group. The outcome was some change in the structures, and reductions in the size, of the new organizations.

### 11.3 Research projects

Several small- and medium-scale research projects have been carried out since 1991, mostly funded by the Ministry, but there has been no single large-scale government evaluation of the education reforms (see Schick 1996 for a review of the overall New Zealand state sector changes). Various researchers have investigated such matters as: workloads of boards of trustees and principals, financial stability of schools, student enrollment patterns for schools. With a very high degree of consistency, researchers report that school principals and board of trustee members do not wish to return to the pre-1989 system, despite varying levels of dissatisfaction over certain aspects of the new arrangements. The most common complaint is "there is not enough money".

The question of 'competition' between schools for students has received some attention. The removal of compulsory school 'enrollment zones' has allowed parents to exercise greater choice over the school their children attend, and there have been some marked shifts in enrollment patterns. There is research evidence that this aspect of the changes (the 'student as voucher') has contributed to a spiral of decline in a

handful of schools - predictably, those in inner city or poor suburban neighborhoods. The extent of the decline has depended upon the number of places readily available in neighboring schools. In 1997 the government announced additional money and teacher staffing for redevelopment programs for the worst-affected schools.

It is not realistic to expect a formal evaluation of an education system change as big as this one. There are no 'pre-test' measures and no agreement on what they might have looked like if it had been possible to take them. The change has been so large that the only realistic evaluation is a political one: how much of the changed system is stable against a change of Minister and a change of government.

## 12.0 Implementing the Reforms - Dealing with Problems

The implementation of the decided policies was not a smooth process, despite the high level of government commitment. Problems did emerge from the start - political, inter-departmental, external pressure, and administrative.

### 12.1 Political problems

Political problems were comparatively small but were potentially very serious, and could have arisen from a split in the government, or from a change of political direction which often arises when there is a change of Minister or a change of government. As noted above, all of these political changes occurred during the period 1988-91 with the split in the Cabinet during 1988-89, a change of Prime Minister in 1989, and then a change of government and a change of Minister in 1990. But the direction of the reforms remained essentially unchanged throughout these changes. The political changes of 1989 took place too late to halt the '*Tomorrow's Schools*' reforms, and the government was too committed to the tertiary and early childhood education reforms to halt them in 1990. By the time the new government took office at the end of 1990, most of the big changes were already in place or committed by law to take place. In hindsight it was very important that the change timetable had required all legislation to be passed and new administration structures to be in place or committed, before the

date of the 1990 election.

### 12.2 Interdepartmental disagreements

Interdepartmental disagreements became significant during 1989 as the magic date of 1 October approached, but no department felt so strongly that they tried to stop the change. The Education Department was powerless by that time, and the "control" departments did not have sufficient authority to go against changes which were, after all, being led by the Prime Minister as Minister of Education. By the end of 1989, other departments were in a more influential position. The problem-solving method used was the classic one: to establish an interdepartmental committee (the 'Lough Review') and let the departments argue their case before an independent chairperson, but behind closed doors.

### 12.3 Lobby groups

Some external pressure groups were able to exert influence through the working party process, and achieve sufficient changes to placate them. Others, however, used public opinion and the news media to exert pressure on the government. Two examples of this type of external pressure, and how the issues were resolved, are discussed below.

First, the education of children with special education needs is a political 'hot potato' in New Zealand, and so it turned out during the 1987-91 period. (Politicians are helpless when prime-time television puts them up against a distraught mother with a handicapped child.) The Picot Taskforce had recommended that a Special Education Service be set up, which would employ the child psychologists, and other specialists in fields such as speech language therapy, education of the deaf, etc., who were previously employed by the Department of Education; and this Service would provide services to schools. But Picot also recommended that the Special Education Service (SES) should have to compete with other possible providers of similar services. i.e. the 'service' should be made 'contestable'. The special education interest groups of parents, child psychologists, and special education teachers were united and adamant in opposing this idea. The government bowed to the strength of this opposition early on,

and set up the SES as a fully state-funded agency, sacrificing the competitive element in its makeup. Successive governments also bought some peace during the period by putting more money into schools for special education.

Secondly, the six universities provided formidable opposition during 1989-90 especially, and were effective in combining their resources at the level of the Vice-Chancellors and Councils, and in stimulating disquiet among university graduates who were now in positions of leadership in business, the judiciary, and in politics. Leadership of university staff ran a very effective international campaign. Intense pressure was brought to bear on the government, particularly on Goff as Associate Minister of Education, while the tertiary education legislation was being drafted, and while it was before Select Committee. Some of this pressure was public, but much of it took place behind the scenes.

*"A huge lobbying campaign involving both local and international activities was then entered into by the Association (of University Staff) with the result that when the Bill was reported back to the House, there were 103 pages to (sic) amendments and, later, several Supplementary Order Papers. The Act which was subsequently enacted was, from the point of view of the universities and their staff, a significant improvement on what might have been." (Crozier 1994).*

The university-led opposition was on such a scale that the only response possible was a political one: Ministers gave way.

### 12.4 Administrative problems

As noted above, most of the administrative-level problems of implementation which arose under Ballard's leadership (up to 1 October 1989) were dealt with very rapidly, because Ballard had a command-post structure in place with himself as the final authority. Ballard accepted from the start that mistakes would be made and that this was unavoidable in such a hurried process. Neither he nor Lange expected that the process would be perfect. The Implementation Unit held weekly meetings with Ballard in charge, to

resolve problems as they came up, and in turn Ballard met weekly with Lange. Decisions tended to be made at those meetings. Ballard would judge which matters should go to Ministers. Two examples will illustrate major problems which arose within the administration but which required political intervention to solve.

A crucial aspect of winning public support for the 'Tomorrow's Schools' changes, was convincing the public that every school would get enough money to enable it to do the things which had been done for it by the Education Boards or the Department - maintenance of buildings, purchase of classroom materials, provision of electricity and heating and water, wages for non-teaching staff, and so on. Over the years Education Boards had disbursed their funding in many different ways, and it was very difficult to identify and separate out this funding and then recombine it into a rational formula per school. A firm of accountants was contracted to look at a sample of schools, to compare the proposed funding levels against what the schools put forward as the amount they said they needed. Unfortunately the accountants had not been told to compare the proposed levels against what the schools had actually received the previous year, rather than a 'wish list' of what they would like to get. It was no surprise that schools claimed they needed far more than the amount being offered, and this received a lot of media attention. Ballard had no authority to increase grant levels above the total budget which had been approved. The fuss died down only after Ballard involved a group of leading school principals in developing the funding formula, and when the government agreed to provide extra funds to increase the proposed funding rates.

A less-public administration problem concerned the arrangements for a tertiary student loan scheme. The government's preference was that this scheme should be one which was run commercially by a consortium of banks. Extensive negotiations with banks eventually came to nothing. Banks would not agree to make loans to all students irrespective of their credit-worthiness. In addition, students threatened to take their own private banking business away from any bank which took part in the scheme. Ministers then reluctantly agreed to set up a government-funded student loan scheme with repayments to be made through the taxation system, and dependent upon the person's taxable

income.

As the changeover date of 1 October 1989 drew closer, remaining unresolved questions tended to be 'rolled over' into the new system, with temporary arrangements put in place so that former funding would continue into the new system. O'Rourke, especially, inherited a significant number of these matters to deal with, at the same time as she was trying to establish a new organization. More of them (colloquially known as 'black holes') continued to appear for some time after the Ministry was established.

### 13.0 Continuing Change 1991-97

After the upheavals of 1987-90 one might have expected the New Zealand education system to settle into some quietness from the beginning of 1991. Instead a second wave of change took place, particularly during 1991-94, for four prime reasons: the change agenda of Smith, the new Minister of Education, the unfinished reform agenda of the State Services Commission and The Treasury, the reform ideas of the new chief executives of the education agencies, and the growing strength of those wishing to halt or reverse some of the earlier changes.

#### 13.1 Lockwood Smith's change agenda

As noted in an earlier chapter, Smith took office as an activist Minister with a belief in further removing central government from local decision-making. He tackled the teacher unions head-on over funding school boards directly for the payment of teacher salaries (bulk-funding for teacher salaries). He promoted the idea of a national qualifications framework vigorously. He recognized that the changes to date had nothing to do with improving student learning, and set out to reform the national school curriculum. He had clear ideas on breaking down the barriers between different types and levels of education institution and the qualifications they offered ('seamless' education). These, together with new vocational workplace training arrangements (Industry Training Act 1992) and a range of fiscal changes, were his main agenda for the next few years. O'Rourke saw her task as helping Smith to develop his policies, gain approval for them, and to implement them.

In the terminology of Roberts and King (1996),

Smith and O'Rourke were 'public entrepreneurs', like Lange and Ballard. They too showed dynamic leadership, but in this period much of their energy was given to *institutionalizing* changes which had begun to be implemented, as well as introducing further changes of their own.

### 13.2 Treasury and the State Services Commission

The Treasury and the State Services Commission had unfinished business, particularly in tertiary education. The Treasury signaled its views in its *Briefing to the Incoming Government 1990* (Treasury 1990), arguing for substantial increases in the fees to be paid by tertiary students. The Commission was more interested in the management of tertiary institutions, in reducing the influence of the teacher unions, and in improving the quality of management of government in general. Pushed by Treasury and the Commission, several further reviews of aspects of tertiary education were carried out during this period, as well as a review of the arrangements for managing school property. Two of these reviews which started in 1991 - charging tertiary institutions for the 'cost of capital', and the idea of a commercialized school property agency - had almost ground to a halt by 1996.

The new chief executives of the major education agencies all took office in late 1989-mid 1990 with zeal and enthusiasm, looking to construct new and forward-looking organizations which would owe little to the old: O'Rourke at the Ministry of Education, Maurice Gianotti at the Education Review Office, and David Hood at the New Zealand Qualifications Authority. All set out to make their own mark as well as to construct effective and efficient bodies. All three (including Dr. Judith Aitken who soon replaced Gianotti) were committed to the government's reform direction. Each organization was reorganized more than once during this time, as the chief executives grappled with finding the best way to deliver the government's requirements.

### 13.3 Opposition to further change

Meanwhile opposition to further changes was growing in strength. In the 1993 election the National government's majority was cut right back. The government became more cautious about new policies, and began to scrutinize Ministers' ideas and proposals

more closely. It is no accident that a new Cabinet Committee structure emerged at this time, with the Prime Minister chairing a new Education Training and Employment Committee. Smith found it increasingly difficult to get new policy ideas through Cabinet unless they had the active support of the Ministers of Finance (Bill Birch) and Labor (Wyatt Creech) and their senior officials. Although there was no shortage of things he still wanted to change in legislation, Smith was not able to get an Education Amendment Bill into Parliament after 1993.

The Labor opposition party was beginning to reject some of the things it had done while in office during 1984-90. New political parties which opposed further change, or sought to reverse some of the earlier changes, were gaining support. The government's financial position began to improve dramatically from 1992 onwards and the government came under pressure to spend more. The teacher unions fought against block grants for teacher salaries, and fought the government, successfully, through debilitating and drawn-out salary negotiations from 1994-96. The government became even more cautious from 1995 onwards, culminating in Smith's replacement as Minister of Education early in 1996 by Creech, who had a reputation for negotiation and conciliation.

Opposition to government intentions was strongest in tertiary education. Parents and students (many of whom were voters) did not favor increasing fees for students, even though the introduction of the fees provided funds for more student places. Long-term decisions were sidelined until after the 1993 election. In 1994 the government settled - or thought it had settled - the tertiary funding issue until 1999, after yet another review committee and report. (Todd 1994). However, another review by officials was announced in February 1997.

Early childhood interests rallied during 1995/96 to lobby (successfully) for increased levels of funding, and to oppose further legislative change proposals. Special education interests had not given up their lobbying either, and further funding increases for special education eventuated.

By the beginning of 1997, the education reform impetus in New Zealand was over. A new coalition government was in office with a slender governing



majority. Most of the main actors in the dramatic change years of 1987-91 had moved on. Of the politicians Marshall, Douglas, Lange and Palmer had left politics. Neither Goff nor Smith were involved in education any longer. Ballard still headed another Department but had stayed away from education business since 1989. O'Rourke, Gianotti and Hood had left the public service. Aitken remained heading the Education Review Office. A few of the Implementation Unit team were in the Ministry and elsewhere. And a handful of the original thinkers were still present in the Commission and the Treasury.

## 14.0 Unresolved Issues

Despite the comparative rapidity of the New Zealand education system changes, and their comprehensiveness, there are several issues which remain unresolved or unaccepted. These issues fall into three categories: school teacher labor market, levels of funding, and locus of control and responsibility.

### 14.1 School teacher labour market

The school teacher labor market remained largely untouched throughout the reforms. New teachers continue to come mostly from the same training institutions that produced them before 1987. Teachers continue to be employed at the local level by locally-elected bodies, independent of the Ministry of Education, but under centrally-negotiated employment contracts, and according to centrally-determined staffing schedules. (Note that at the time of the changes, primary teachers transferred from being employed by district Education Boards to being employed by each local school but under unchanged conditions. Secondary teachers had always been employed by their local school.) They receive their salaries through the Ministry but the Ministry has no power to 'hire and fire' - that power rests with the boards of trustees. Most schools continue to reject a 'teacher salaries grant' option which would allow them to receive lump sum funding and decide for themselves how many teachers and of which levels they wish to employ. Most boards of trustees are satisfied with the present arrangements, which leave teachers remarkably free from external oversight or interference, either local or central.

Not only were teacher labor market matters left unchanged by the education reforms, they are an anachronism within general labor market reforms. The national teacher unions still have national collective contracts and they still bargain directly with central government. This is not true of other public servants, and derives from the fact that the government is still the only significant purchaser of their labor (which it must buy in order to meet compulsory schooling requirements), and that the individual school as the unit of employer organization is too small to be able to bargain effectively against a strongly-unionized labor force. The situation is not one which governments like, but they have so far not seen any way out. Boards of trustees (parents) have made it plain that they do not want the responsibility for bargaining over salaries with their teachers.

For good tactical reasons the government largely left school teacher labor issues aside during the other reforms, and as a result school teacher opposition to the reforms was limited - unlike the opposition of university teachers which was strong, well-organized and effective. As New Zealand enters a decade of rising school enrollments and consequent high demand for teachers, it is unlikely that any government will want to tackle the teacher labor market question.

### 14.2 Levels of funding

The reforms in early childhood and schools have delivered average per capita funding and staffing levels which are not greatly different from those which applied before 1987, although there has been considerable redistribution. There has been dispute about whether levels of funding have kept pace with inflation, but the government has not declared a deliberate policy of lowering these levels of funding.

This is not the case for tertiary education. Especially since 1990, the government has introduced higher fees to be paid by students, and the levels of those fees have risen inexorably every year. There has been a clear policy to reduce state tertiary funding to an average of 75% of tuition costs. Although the government and main opposition party accept this is a fiscal necessity, it is quite clear that the community does not accept it at all, despite the existence of a student loan scheme. Future governments will continue to revisit

and grapple with this question, trying to balance the demands posed by increasing numbers of people wishing to enroll in tertiary study, against the necessity to set a finite budget for what can be paid for that by the taxpayers. As time goes on it becomes less and less likely that the student loan scheme can be rolled back.

#### *14.3 Locus of control and responsibility*

When Lange set up the Picot Taskforce in 1987 he did so wanting to shift the locus of control and responsibility out from the center. Just as the community in the past was unhappy about too much central control, the government has begun to question the lack of central control in situations where the local education institution appears to have made unwise decisions. These questionable decisions fall into three categories: policy, managerial, and financial.

Boards of trustees and tertiary Councils set the policies for their institutions. In a small number of cases there are doubts that the elected board of trustees is sufficiently competent to carry out its tasks, but the government agencies have restricted powers to interfere.

There were concerns at the time of the first elections for boards of trustees, that boards might be 'taken over' by subgroups of parents with particular cultural or religious agendas. This did not happen, which probably reflects the comparative homogeneity of the New Zealand population, and a viewpoint that people did not want the schools to become an arena for other differences.

Sometimes boards set policies which are incompatible with those of their neighbors, or accumulate into system-wide issues. For example, schools which are threatened with risk of overcrowding because they are very popular may limit their enrollments with no thought to how the students they have excluded might attend school elsewhere. Schools which suspend or expel students are not required to sort out alternative education arrangements for the students concerned before they suspend them.

The most common single cause of unrest within an education institution is a breakdown of relationships between the principal and the board or Council. Such breakdowns quickly become employment disputes, because the principal is an employee of the board or Council. Disputes can be public and acrimonious, and

can take months or years to resolve. Local communities expect 'the government' to intervene and solve the problem, but there are few powers to do so.

On financial matters, the very large majority of schools and institutions are well and responsibly run. But the government has had to rescue one small polytechnic from financial difficulties, and has had to rescue several schools. There are occasional cases of misappropriation of money which come before the courts.

The most significant financial change was one which is now barely remembered, and which could have taken place independently of other changes - giving each school a *total* grant with freedom to spend that total grant, instead of a grant which consisted of a number of sub-grants (each closed off from the others). Schools now have an incentive to make savings on utilities or administration, because they know that the savings can be accumulated for bigger projects, or be redirected into curriculum materials or library. In the past there were no such incentives, because schools were not allowed to transfer money from one subgrant to another.

Despite those areas of difficulty which local control seems to bring, the government has no desire to return to a centralist system - nor has the community. What people are still searching for is an acceptable way of deciding when some central intervention is needed, and what that intervention might be.

#### *14.4 Impact on children's learning*

The Taskforce Report was not directly about student learning, nor was it directed towards teachers (other than school principals). New Zealand parents appeared to want to run their local schools, but were in general happy to continue to leave matters of curriculum and teaching practice to teachers. None of the stakeholders expected the reforms to lead directly to changes in student achievement, nor were there any measures in place to tell if changes in student achievement took place. There was an expectation that increased local governance ought to lead to more responsive decision-making and to more efficient use of resources, which ought to lay the ground for conditions where improved student learning might take place. In this sense it can be argued that administrative

reform may be a necessary precondition for improvement in student achievement.

There is an outstanding unresolved issue, namely, whether the education reforms have actually improved children's learning. Given that systemic change cannot be a controlled experiment, this is a question which cannot be answered rigorously. There are some pointers, however.

The first is that children's learning is now different from what it was pre-1987, because the national curriculum has changed as a result of Smith's actions between 1991 and 1995. In addition, senior high school students are now able to study industry-training courses either in-school or offsite - an option which was not available to them pre-1987.

By placing decision-making in the hands of schools themselves, it is likely that schools are able to make more rapid responses than in the past to questions about the provision of curriculum resources or the upskilling of a particular teacher. To this extent the conditions in which learning takes place have probably improved. A recent research study (Wylie 1997) reported that most school principals thought that the reforms had some positive impact on education, including children's learning. 'School self-management did bring new energy and focus into primary schools. ... But there is no evidence that all children have gained equally.' Eighty-two percent of parents were satisfied with the education of their children, the same as recorded in a similar survey in 1991.

There is evidence that greater ability of parents to choose schools for their children has led to greater social stratification of schools. Parents who have enrolled their children in the schools of their choice believe they have maximized their children's opportunities to learn, but there are research pointers which suggest that children in the least-advantaged schools are receiving a poorer education than they might have done.

Has children's learning improved as a result of the administrative reforms? The question cannot be answered firmly, but a reasonable hypothesis might be 'yes' for some students, 'no significant change' for many, and 'deteriorated' for some. Parents can now have more influence over their own children's education than was the case

ten years ago. Whether the state ought to limit that influence, especially in matters of school choice, against parental wishes, for the good of other children, is another issue. Having given parents the degree of choice they now have in New Zealand, it is probably impossible for any future government to take it back.

## 15.0 Lessons from the New Zealand Experience 1987-97

It is not possible to simply uplift one country's experiences and believe one can transfer them unchanged to another, but there are perhaps lessons which can be drawn which might act as signposts or indicators for another country. Possible lessons are grouped below: context, leadership, change management.

### 15.1 Context

It certainly helped the acceptance of the education changes in 1987-91, that '*change was in the air*' in other fields, in business and in the public sector. Changes in education will find it easier to gain credibility if there are other big changes taking place in the country at the same time. The economic crisis, and responses to it, made education change easier to accept.

*Change which taps into public support is likely to have a head-start.* The New Zealand reform proposals unleashed a popular groundswell of support for the idea of parent governors of schools. This idea remained a unifying and popular theme for several years, and ensured a large community support base for the early stages of the reforms, including support from all political parties. Support for 'local management' meant that other aspects of the changes were swept up and supported as well, although they might not have gained that support if they had been proposed in isolation.

*Any changes must be consistent with the supporting infrastructures.* The New Zealand changes could not have taken place as they did without the availability of a skilled public service, or electronic banking, or a reliable telephone system, or good local roads, or private-sector firms which were able to do some of the things which were previously done by the Education Boards. Local education institutions were able to

consider becoming responsible for their own affairs because they could access most of the services they wanted locally. In order to be workable, changes must be consistent with what other parts of the economy can deliver. (Barr 1996).<sup>2</sup>

### 15.2 Leadership

**Consistent strong committed political leadership is essential.** Between 1984 and 1987 there was a group of powerful Ministers pushing public sector reform, and from 1987-89, the education reforms were fronted by Prime Minister Lange. Ballard had the freedom to get on and implement the changes during 1988-89 because he knew that he had Lange's backing. Lange's special position as Prime Minister gave Ballard extra protection, and ensured that Ballard could not be attacked through approaches to other Ministers. After 1993 Smith found change much more difficult to achieve. His Cabinet colleagues had little enthusiasm for further dramatic change in education, and he had to struggle to get their support. Major change probably needs more than just the support of the Minister of Education.

*"If David Lange hadn't been Prime Minister and been behind these reforms I don't think they would have got through."*  
(Ballard 1993) *"...good policy design, political will and institutional capacity are all essential for success. Where one is missing, reform will fail (not may fail, will fail)."*  
(Barr 1996)

**Legislate the change.** If the change has gone through the legislative process, this shows the government is really serious.

**Ministers must have confidence in consistent strong committed leadership from their officials.** This may mean that Ministers need to become personally involved in crucial 'implementation-agent' appointments. Ministers rely on officials to give them advice, and to put their decisions into practice. Ministers know that officials can either speed up or slow down work on things ministers want done. The larger and more contentious the change proposed, the more important it is that the political leaders have absolute

confidence in the officials or advisers who are doing the detailed work for them.

At the time it made sense to close the State Services Commission and Treasury out of the play during Ballard's term. Ballard had Lange's backing and that was all he needed, as long as Lange remained Prime Minister. The rules changed when Lange resigned unexpectedly. In an ideal world the *leading officials from the control and planning and financial departments should be in agreement with the policy department*, and thereby strengthen the policy and implementation processes.

**Find other opinion leaders who will help promote the change.** Other people outside government and official circles have to be convinced of the value of the change, and people who can influence their opinions are needed on the government's side. Business leaders were involved in the Picot Taskforce. Highly respected educators were important in touring the country to help bring school principals and parents on board with the schools changes. The government was never able to find sufficient credible opinion leaders to support it against the university opposition to the tertiary changes, even though it had very positive support from the polytechnics.

**Use the communications media.** Ballard had a communications budget and employed a communications expert. They used the communications media which were appropriate to New Zealand, including TV and radio advertising and print media. Lange and Ballard recognized that they had to communicate with the wider adult population, but especially parents, directly, in order to win and maintain a groundswell of support - in the New Zealand context it was essential to spend money on well-designed TV advertising. Smith and O'Rourke did not have the ability to buy TV-time for most of their changes, and were battling all the time to get a positive message across to the public.

### 15.3 Change Management

**Change quickly - more quickly than is comfortable.** The New Zealand government adopted a deliberate policy of rapid change, which made it more

<sup>2</sup> Barr identifies 'institutional capacity' as an essential leg of a 'tripod' of conditions needed for successful implementation.



difficult for opposition to form or to become organized, but which was also more humane for the people who were to be affected by the changes. Ballard had full authority to complete the changes in the timescale announced and did so. Sticking to announced timetables for change is very strong upfront evidence that the government is serious about the changes, and will not be deflected from them. Experience in New Zealand since 1990 indicates that the longer proposals for change drag on, the less likely it is that they will ever be agreed to and put in place. Smith and O'Rourke struggled through six years 1991-96. Lange had the political authority, and Ballard had the backing, to drive their changes through in fourteen months.

***Appoint a specialist change manager with authority to act.*** Ballard came into the role with a specific change-management task. His background was in research, large business, and stand-alone government organizations. He was not a career public servant and had no interest in heading any of the new organizations when they were set up. When the job was done he was always going to move on. No one could ever accuse him of designing the new arrangements to give himself a personal advantage.

***Take action to gain the cooperation of staff.*** If staff are going to lose their jobs or have their jobs changed as part of a change, they may sabotage the change as a means of self-protection. Change leaders will need to set up systems to provide job protection or to ease the transition for the staff affected. In the New Zealand change, staff knew that as a group they were being given priority for positions in the new organizations, but that all the old rules about seniority were gone. Those who were not appointed had the option of being paid a severance fee. Ballard worked hard to gain the respect and support of the senior management in the Department of Education, because he knew that only they had the detailed expertise to both keep the old system going while the new was being developed, and to ensure that the new system was designed to cover all that it needed to.

***Appoint new people with fresh ideas and energy.*** Although Department and Education Board staff had priority for appointments to the new organizations, the new appointments turned old seniorities on their heads. Those making the appointments took the op-

portunity to sweep aside almost everyone who had been in the senior management levels. They sought to appoint people they thought would be enthusiastic about change, and who would use the new opportunities to the full.

***Be prepared to inject extra funding.*** Change is always more difficult to introduce if you are taking money away from groups which have been used to receiving it. The ideal, but unrealistic, change is one where no one loses and everyone gets more! In practice most changes produce some 'losers' who can be expected to oppose their own loss. The New Zealand government was prepared to put in extra funding towards the end of the change process, in order to deal with some anomalies which were discovered late in the process, and to sweeten the pill for some of those affected by the change.

***Negotiate with and involve or isolate the pressure groups.*** Some of the key pressure groups were drawn into the change process, and became publicly supportive of the changes (parent groups, secondary school principals, polytechnic leadership). With these groups the government negotiated from a position of strength, but was prepared to alter plans if necessary, on the advice of these groups, in order to get a better end product. The secondary teacher union stood aside and isolated itself. The government was never able to fully counter opposition from the universities, and underestimated the power they had to influence public opinion.

***Allow for mistakes.*** Recognize that mistakes will be made, but do not allow mistakes to upset the general plan, or to hamper the change timetable. Politicians and chief executives should make it known among their change team, that some mistakes are probably going to happen, and this is expected. What will be important is to identify mistakes as soon as they are found, report them immediately, and take steps to correct them. Change staff need to know they will not be blamed or fired for honest mistakes.

***Remember exit, transition and entry arrangements.*** Change processes involve old ways coming to an end and new ways starting. There need to be clear end-points or close-off dates for the 'old'. New Zealand found there were always loose ends still outstanding at these changeover dates, and it was essential to have a special-

ist group of people as a 'residual management unit' to handle these transition questions. As the changeover date approached more and more unfinished business was identified and set aside for the residual management unit. But these matters were not allowed to delay the change date. Finally the new arrangements should be celebrated as they begin, in ways that mark them out as special.

## 16.0 Conclusion

The strongest lesson from the New Zealand experience is one which is not specific to any situation, nor to any time or country. It is a lesson which does not depend upon wealth or geography or experts from overseas. This lesson is timeless and without price. The lesson is this: *change is possible*. Given vision, political will and leadership, and the skill and energy of one's own people, it is possible for an education system to change within a manageable period of time.

## ANNEX ONE

### Terms of Reference

The Taskforce to Review Education Administration was announced on 21 July 1987. It was requested to report directly to the Ministers of Education, Finance and State Services, and its terms of reference were as follows:

“The terms of reference for the Taskforce are to examine:

- the functions of the Head Office of the Department of Education with a view to focusing them more sharply and delegating responsibilities as far as practicable;
- the work of polytechnic and community college councils, teachers college councils, secondary school boards and school committees with a view to increasing their powers and responsibilities;
- the Department's role in relation to other educational services;
- changes in the territorial organization of public education with reference to the future roles of education boards, other education authorities, and the regional offices of the Department of Education;
- any other aspects that warrant review.

The Taskforce will endeavor to ensure that the systems and structures proposed are flexible and responsive to changes in the educational needs of the community and the objectives of the Government.

It will identify any costs and benefits of its recommendations and recommend the nature and timing of any necessary transitional arrangements.

The Taskforce is to make recommendations which will ensure the efficiency of any new system of education administration that might be proposed.”

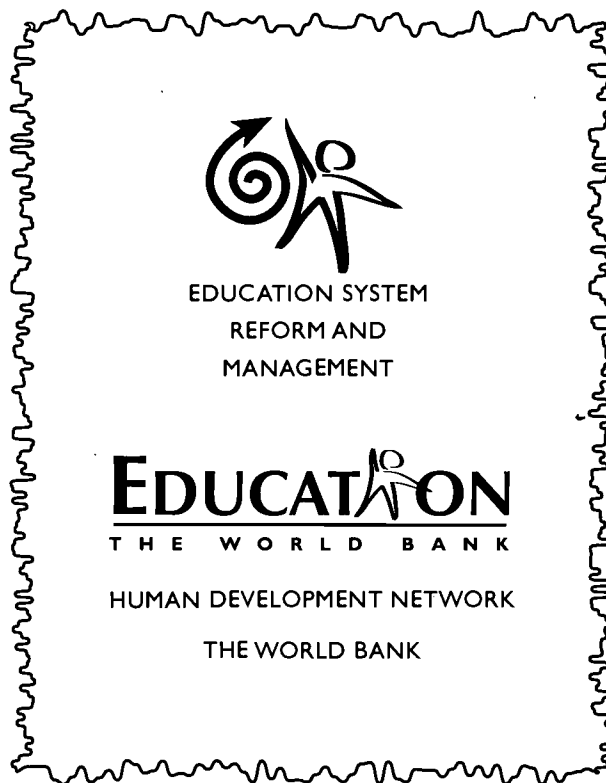
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